

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Chapter 7
BKY 19-40658-KHS

Scheherazade, Inc,

Debtor.

AFFIDAVIT OF ROBERT EPSTEIN

I, Robert Epstein, the Chief Executive Office of Eaton Hudson, Inc. state under penalty of perjury and in connection with the bankruptcy of Scheherazade, Inc. that:

1. Eaton Hudson has managed thousands of store and distribution center closings and has liquidated billions of dollars of retail inventory. Eaton Hudson has specific experience with jewelry retailers, including performing projects for Whitehall Jewelers, Freidman Jewelers, Ross Simons, Michael C. Fina, Saks Fifth Avenue, J.C. Penney, Macy's and others. Eaton Hudson has more than 30 years of retail and retail disposition expertise.

2. Eaton Hudson has prior experience working with Scheherazade. Eaton Hudson has conducted two prior promotional sales for Scheherazade, one in 2009 and one as recent as September 2018 through January 2019.

3. Based upon the prior sales at Scheherazade, Eaton Hudson is very familiar with the store, the inventory, the vendors, the employees and the Galleria Mall.

4. Eaton Hudson participated in a conference call with the landlord, addressing the concerns of the landlord in conducting a going out of business sale and reassured the landlord that it would be respectful in maintaining the integrity of the Galleria's image. The trustee and

Eaton Hudson negotiated with the landlord regarding constraints on signage to be used and will be respectful of those agreements.

5. Eaton Hudson has been in contact with former employees and vendors of the debtor in anticipation and preparation of the sale.

6. Eaton Hudson's goals as a liquidator is to maximize the value of the store-owned inventory. It will work with the trustee in setting pricing goals to assure the goals of the trustee and the estate are met.

7. Eaton Hudson will augment the inventory in order to attract customers as the store-owned inventory is sold. In connection with the augmented inventory, the estate will receive the profit on the augmented inventory over the costs of sale.

8. Eaton Hudson's goal is to sell all of the store-owned inventory, not just the augmented inventory.

9. Eaton Hudson believes the secured lender will be paid in full within the 30 days of commencing the sale. Attached as Exhibit A is Eaton Hudson's projections related to the anticipated store closing sale.

Dated: April 17, 2019.

EATON HUDSON, INC.

By: 

Robert Epstein, CEO
3015 Dunes West Boulevard
Suite 201
Mount Pleasant, SC 29466

	week 1	week 2	week 3	week 4	week 5	week 6	week 7	week 8	final days	Total
Projected Revenue										
Owned Inventory	100,000	135,000	180,000	190,000	190,000	200,000	185,000	150,000	100,000	1,430,000
Augmented Inventory	40,000	40,000	40,000	40,000	60,000	55,000	50,000	75,000	100,000	500,000
Residue									60,750	60,750
Total Revenue	140,000	175,000	220,000	230,000	250,000	255,000	235,000	225,000	260,750	1,990,750
Costs:										
Augment Cost	26,000	26,000	26,000	26,000	39,000	35,750	32,500	48,750	65,000	325,000
Store payroll	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	60,750
rent	15,000				15,000					30,000
Utilities	1,000				1,000					2,000
Tele & Other	500				500					1,000
Security/Insurance		2,500								2,500
Shipping	150	150	100	100	100	100	100	100	100	1,000
Security	400	400	400	400	400	400	400	400	400	3,600
consulting fees	750	750								1,500
miscellaneous	250	250	250	250	225	200	200	200	175	2,000
Credit Card fees	2,800	3,500	4,400	4,600	5,000	5,100	4,700	4,500	4,000	38,600
Surety Bond	5,500									5,500
Employee Bonus Pool									40,000	40,000
Supervisor	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	22,500
Agents Fee	7,000	8,750	11,000	11,500	12,500	12,750	11,750	11,250	13,038	99,538
Advertising	20,000	7,500	7,500	7,500	7,500	14,000	6,000	5,000	5,000	80,000
Total Costs	88,600	59,050	58,900	59,600	90,475	77,550	64,900	79,450	136,963	715,488
Projected Net Cash Generated	51,400	115,950	161,100	170,400	159,525	177,450	170,100	145,550	123,788	1,275,263